

# INTERNAL CONTROLS BULLETIN

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## Audit Finding Resolution – It Does an Agency Good

Audits promote organizational health. Like a trip to the dentist, the experience depends on you. Following prescribed dental hygiene practices and advice from prior appointments will most likely lead to good visits, confirming your teeth are healthy, decreasing the risks of serious problems.

Likewise, an agency with a sound internal control structure and initiative to resolve prior audit issues promptly, a subsequent audit can be a positive event. An audit can confirm your agency's internal controls are working to decrease the risk of serious problems, such as control weaknesses leading to fraud, waste, and abuse. The product of such problems are significant corrective actions, additional expenses, and more frequent visits from auditors.

Making timely and practical use of audit results is a key part of an agency's internal control system. An agency culture where employees view audits as opportunities to improve internal controls and correct weaknesses is an indication of a strong control environment. Even if management does not agree with specific audit recommendations, embracing the opportunity to review and reassess the related processes will help determine what changes, if any, should be made.

Converting findings and recommendations into action plans for internal control and process improvement should be a prompt reaction to any audit. Follow these tips for the effective use of audit results:

- Agency employees engage in conversation with the auditors to verify that they thoroughly understand the audit issues

- Senior management assumes ultimate responsibility for audit finding resolution
- Agencies document corrective action plans, including detailed action steps, person(s) responsible for implementation, due dates, and measurable indicators of compliance and resolution
- Management commits to resolve audit findings and improve internal controls, including deploying resources for remediation and monitoring
- Senior management and applicable oversight bodies receive progress reports on the status of outstanding audit issues
- Corrective actions are monitored after findings are considered resolved, to ensure that changes continue to be effective

### Action Step

MMB periodically sends Corrective Action Plan Status Updates (CAPSU) for agencies to report on the status of all unresolved OLA audit findings. Use these as reminders and a documentation tool to keep audit resolution a priority.

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### Questions?

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*This bulletin was originally authored by Mike Thone in October 2010.*